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**FILED ELECTRONICALLY**

November 9, 2007

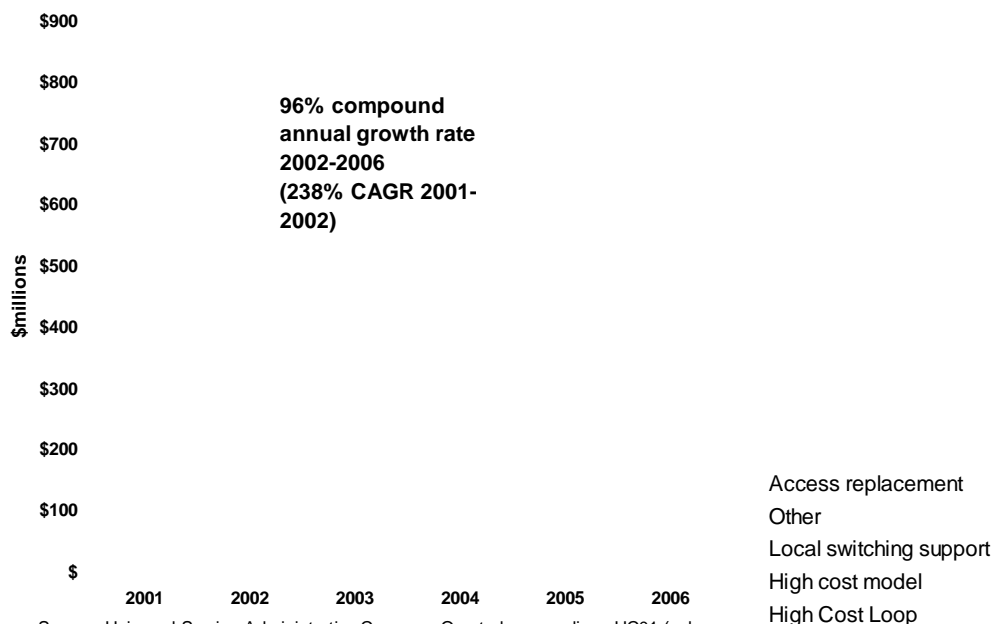
Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington DC 20554

Re: WC Docket No 05-337, CC Docket No. 96-45 – *Ex Parte* Presentation

Dear Ms. Dortch:

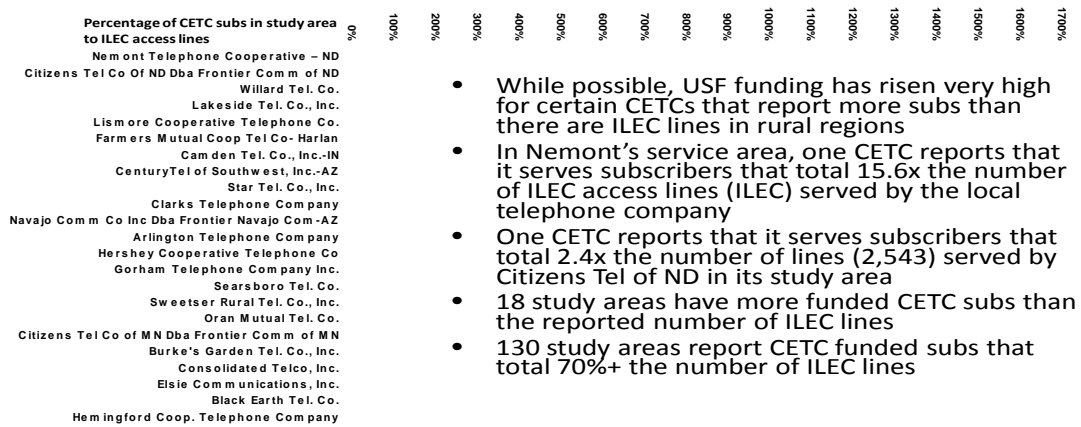
In recently-conducted ex parte meetings with members and staff of the Federal-State Joint Board on Universal Service, CenturyTel and its representatives were requested to provide information concerning the apparent effects of the current practice of certifying multiple Competitive Eligible Telecommunications Carriers (CETCs) in one study area and the possible effects of limiting the number of CETCs to one in each study area. Composition of support paid to CETCs was also discussed. This ex parte filing responds to this discussion and request. Please note that the data are approximately one year old.

**Figure 1: CETC Annual Funding By Element**



Source: Universal Service Administrative Company Quarterly appendices HC01 (only eligible and ETC-approved funding); Balhoff & Rowe, LLC.

**Figure 2: ILEC Study Areas Where CETCs Report a Large Number of Subscribers (2006)**

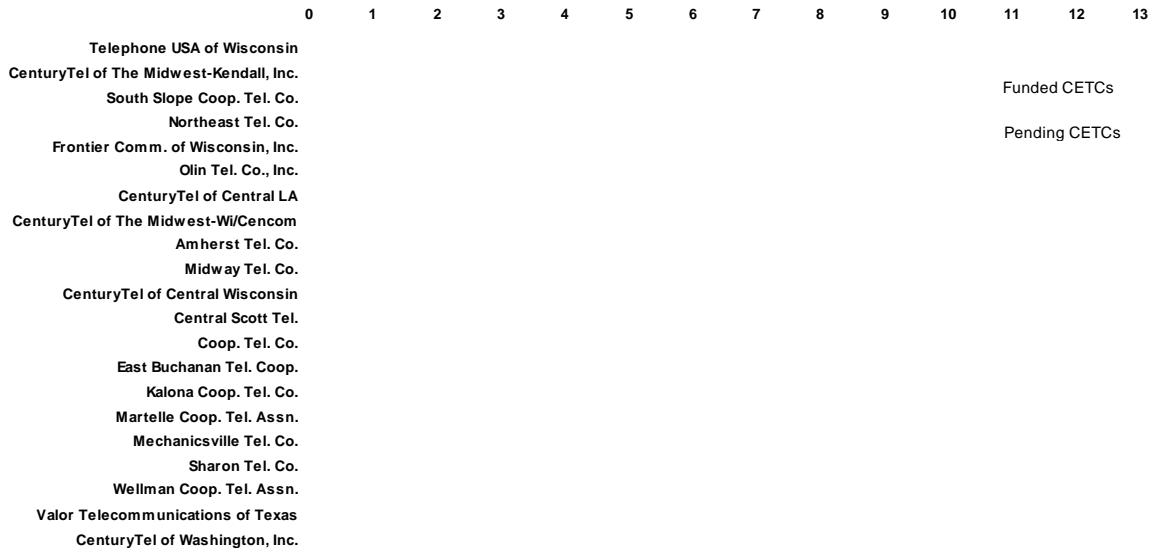


- While possible, USF funding has risen very high for certain CETCs that report more subs than there are ILEC lines in rural regions
- In Nemont's service area, one CETC reports that it serves subscribers that total 15.6x the number of ILEC access lines (ILEC) served by the local telephone company
- One CETC reports that it serves subscribers that total 2.4x the number of lines (2,543) served by Citizens Tel of ND in its study area
- 18 study areas have more funded CETC subs than the reported number of ILEC lines
- 130 study areas report CETC funded subs that total 70%+ the number of ILEC lines

Source: Universal Service Administrative Company, 4Q06 Appendix HC 18; Balhoff & Rowe, LLC.

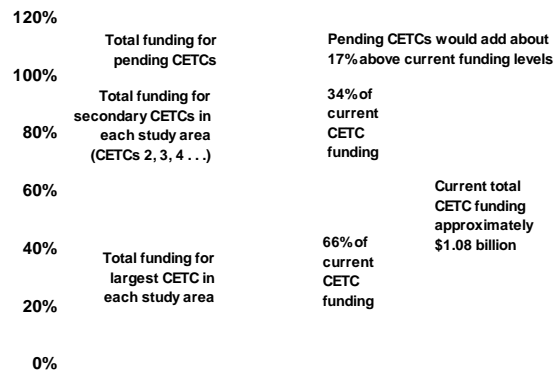
Note: These statistics include only approved CETCs; including pending CETCs, USAC reports 54 study areas with more subs than ILEC lines, and a total of 259 with 70%+ subs compared with ILEC lines.

**Figure 3: Number of CETCs Certified and Pending in Selected Study Areas (2006)**



Source: Universal Service Administrative Company, 4Q06 Appendix HC 18; Balhoff & Rowe, LLC.

**Figure 4: CETC Funding for Additional CETCs in U.S. Study Areas (2006)**



Source: USAC 4Q06 High Cost Appendices; Balhoff & Rowe, LLC.

- What would be saved if only one ETC were funded in a study area?
- Approximately two-thirds of CETC funding today is paid to the largest CETC in each study area
- Approximately one-third of current funding is received by additional CETCs
- Another 17% of current funding would be paid if pending CETCs were approved

Sincerely,

Robert C. Rowe  
Senior Partner